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## Energy

1

# EDITORIAL: Coal jobs will not cure region's ills [The Floyd County Times, Prestonburg, Ky.]

The Floyd County Times, Prestonburg, Ky. McClatchy-Tribune Information Services

Sept. 19--Despite a report this week projecting growth in coal mining jobs a decade from now, long-term trends in the coal industry will push miner salaries down and make the need to diversify Appalachia's economy beyond coal greater than ever.

The West Virginia Center on Budget and Policy released a report last week showing that projected declines in productivity will lead to more mining jobs after 2020. However, looking at the big picture, this is not the good news it appears to be at first glance.

First, getting to the point where coal jobs begin to rebound will be difficult. While the report projects 10,000 more mining jobs across Central Appalachia by 2035, it also estimates the industry will first lose 10,000 jobs by 2020. Employment is not expected to return to 2010 levels until sometime after 2025.

Second, we can expect other factors in the coal market to exert downward pressure on mine wages.

The U.S. Energy Information Administration projects Central Appalachian coal miner productivity to fall an average of 3.9 percent per year, between 2010 and 2035. Another report by the Center on Budget and Policy says this is due primarily to "exhaustion of thicker, more easy to mine, coal seams."

A report on long-term energy trends by Exxon-Mobil predicts that global demand for coal will peak in 2025 and then begin to fall, "as improved efficiency couples with a shift to less carbon-intensive energies, particularly in electricity generation." The report estimates demand for coal will fall 10 percent by 2040, with natural gas overtaking coal as the number-two energy fuel, behind oil.

It is easy to see what effect these factors will have on wages. With the world requiring less coal, and coal companies requiring more miners to get it, wages will have to go down. "The rate of growth in real compensation rises and falls with the rate [of] productivity growth," Brian W. Cashell, of the Congressional Research Service, wrote in a 2004 report for the Cornell University School of Industrial and Labor Relations.

In his report, Cashell writes that economists can expect higher profits from increased worker productivity to go into three areas: to workers, in the form of higher wages; to consumers, in the form of lower prices; and to the companies, in the form of higher profits. However, since the coal industry is anticipating declining productivity, we must assume miner wages will go down, as falling demand forces coal prices to remain low and as companies seek to maintain profitability.

The math of this scenario is not good. If wages were to fall at a rate precisely matching the fall in productivity, a coal miner in 2035 could expect to make $1 for every $3 a miner makes today. And that does not take into account the impact falling demand will have on prices.

The message these projections send to Appalachia is clear: The days of relying on coal to fuel the region's economic engine are over. Mine jobs will produce diminishing returns for the region's economy, making new jobs in new industries an immediate need.

Federal, state, county and city leaders all across the Central Appalachian region must take steps now to produce the jobs of tomorrow. That means finishing infrastructural improvements to make the region attractive to new industry, giving entrepreneurs assistance in creating new businesses, and investing in education to equip the next generation with the skills they will need to build post-coal prosperity.

-- The Floyd County Times

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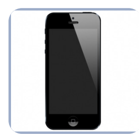

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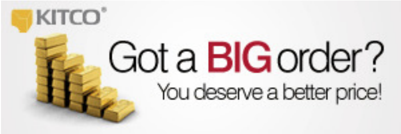


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